

## ORDINANCE NO. \_\_\_\_\_

1           AN ORDINANCE amending Chapter 2.62 of the Lincoln Municipal Code  
2 relating to the Police and Fire Pension Plan -- Plan A by amending Section 2.62.040 to  
3 establish a date for commencement of benefit payments; amending Section 2.62.180 to  
4 establish limitations upon the use of plan assets; adding a new section numbered 2.62.220 to  
5 establish provisions for the amendment, termination, and discontinuance of the Plan; adding  
6 a new section numbered 2.62.230 to establish the City's intention that the Plan be a qualified  
7 plan pursuant to the Internal Revenue Service Requirements; and repealing Sections 2.62.040  
8 and 2.62.180 of the Lincoln Municipal Code as hitherto existing.

9           BE IT ORDAINED by the City Council of the City of Lincoln, Nebraska:

10           Section 1. That Section 2.62.040 of the Lincoln Municipal Code be amended  
11 to read as follows:

12       **2.62.040     Age and Service Retirement Benefits.**

13           (a)     Regular age and service retirement benefit. A member who (i) has attained  
14 normal retirement age, (ii) has completed twenty-five years of service, and (iii) elects to retire  
15 shall be entitled to receive a regular age and service retirement benefit. Such benefit shall be  
16 equal to regular pay multiplied by sixty-four percent.

17           (b)     Early age and service retirement benefit. A member who (i) has attained normal  
18 retirement age, (ii) has completed at least twenty-one years of service, but has not completed  
19 twenty-five years of service and (iii) elects to retire shall be entitled to receive an early age and  
20 service retirement benefit. Such benefit shall be equal to regular pay multiplied by a ratio of

1 the number of years of the member's service over the number twenty-five, (not to exceed  
2 25/25) multiplied by sixty-four percent.

3 (c) Any member requesting benefits under this section shall notify the City in  
4 writing of his or her selection of pension payment options on or prior to his or her date of  
5 retirement. Failure to notify the City of his or her selection shall result in the member being  
6 deemed to have selected the straight life option.

7 (d) Benefit payments shall commence no later than April 1 of the calendar year  
8 following the later of (i) the calendar year in which the member attains age 70 1/2 or (ii) the  
9 calendar year in which the member's employment with the City terminates.

10 Section 2. That Section 2.62.180 of the Lincoln Municipal Code be amended  
11 to read as follows:

12 **2.62.180 Plan Administration; Fund Investments.**

13 (a) The Personnel Director, or a designated representative of the director, shall act  
14 as the Plan Administrator for the Police and Fire Pension Plan.

15 (b) The Plan Administrator, after consulting with the Police and Fire Pension Plan  
16 Advisory Committee, may invest all funds of the Police and Fire Pension Fund or may contract  
17 with an insurance company, trust company, or other financial institution including, but not  
18 limited to, brokerage houses, investment managers, savings and loan associations, banks,  
19 credit unions, federal Farmers' Home Administration or Veterans' Administration approved  
20 lenders to manage such funds. The funds shall be invested in investments of the nature which  
21 individuals of prudence, discretion, and intelligence acquire or retain in dealing with the  
22 property of another, and if the insurance company, trust company, or other financial institution

1 contracted with has special skills or is named on the basis of representation of special skills  
2 or expertise, such company or institution is under a duty to use such skills. All such  
3 investments or contracts shall be approved by the City Council.

4 (c) The City shall anticipate its liability for future payments of retirement benefits  
5 under the plan on an actuarial basis and, in order to equalize the tax burden over a period of  
6 years, shall levy and collect taxes in each fiscal year sufficient to meet current needs and  
7 equalize future payments. The tax shall be in excess of and in addition to all other taxes now  
8 or hereafter authorized to be levied by the City. The tax so levied and collected, together with  
9 contributions made by members, shall be credited to the Police and Fire Pension Fund in  
10 accordance with the terms of Section 401(a)(2) of the Internal Revenue Code of 1986; and any  
11 unexpended balance remaining in the fund at the close of the fiscal year shall be  
12 reappropriated to the Police and Fire Pension Fund for the ensuing year. Pension payments  
13 required by law shall be a general obligation of the City and may be made out of, but not  
14 limited to, the fund.

15 The City will conform to the requirements of Section 415(b) of the Internal Revenue  
16 Code of 1986 as it applies to the general benefits of this plan.

17 (d) All assets of the Plan shall be held and invested for the sole purpose of meeting  
18 the legitimate obligations of the Plan and shall be used for no other purpose. No part of the  
19 assets shall be used for or diverted to purposes other than for the exclusive benefit of members  
20 and beneficiaries prior to satisfaction of all Plan obligations.

21 Section 3. That Chapter 2.62 of the Lincoln Municipal Code be amended by  
22 adding a new section numbered 2.62.220 to read as follows:

1       **2.62.220       Amendment, Termination and Discontinuance of the Plan.**

2               (a)       It is the intent of the City that the Plan be permanent and remain in effect for an  
3       indefinite period. The City, however, reserves the right to modify, amend, or discontinue the  
4       Plan at any time. The City expressly reserves the right to amend the Plan in order to take  
5       advantage of or comply with any statute, rule, or regulation of the federal government or the  
6       State of Nebraska, or any duly constituted agency thereof.

7               (b)       In the event the Plan is discontinued or terminated, all members shall  
8       immediately become fully vested in their benefits. The discontinuance or termination shall  
9       be carried out in all respects in conformance with applicable statute, rule, or regulation of the  
10       federal government or the State of Nebraska, or any duly constituted agency thereof.

11               Section 4. That Chapter 2.62 of the Lincoln Municipal Code be amended by  
12       adding a new section numbered 2.62.230 to read as follows:

13       **2.62.230       Qualified Retirement Plan.**

14               The City intends that the Plan be a qualified plan under Section 401 of the Internal  
15       Revenue Code, as amended. The Plan shall be administered so as to fulfill this intent,  
16       including but not limited to the following: Distributions from the Plan will comply with the  
17       requirements of Internal Revenue Code Section 401(a)(8) and regulations thereunder,  
18       including that forfeitures will not be applied to increase the benefits that any member would  
19       otherwise be entitled to receive under the Plan.

20               Section 5. That Sections 2.62.040 and 2.62.180 of the Lincoln Municipal Code  
21       as hitherto existing be and the same are hereby repealed.

1                   Section 6. That this ordinance shall take effect and be in force from and after  
2 its passage and publication according to law.

Introduced by:

\_\_\_\_\_

Approved as to Form & Legality:

\_\_\_\_\_  
City Attorney

Staff Review Completed:

\_\_\_\_\_  
Administrative Assistant

Approved this \_\_\_ day of \_\_\_\_\_, 2001:

\_\_\_\_\_  
**Mayor**